

Bond Release Findings

Mine Name: Quartz Hill I.D. No.: S/021/036
Operator: Kerry Holt Hay cubes, Inc. Mineral Ownership: BLM
Kerry Holt Surface Ownership: BLM
P.O. Box 249 Permit Term: 2005
Enterprise, Utah 84725

Disturbed Area: $1/10^{\text{th}}$ of an acre
Regraded: $1/10^{\text{th}}$ of an acre
Reseeded: $1/10^{\text{th}}$ of an acre

Acres Bonded: 5 Acres
Acres Proposed for Release: 5 Acres

Surety

Amount: \$17,000
Form: Certificate of Deposit
Renewable Term: 08/16/2006

Setting and Premining Environment

The site is located in the hills several miles west of Beryl Junction, immediately north of the Hecla Escalante Silver Mine. The pre-mine land use of the area where the quarry was proposed was designated as a grazing and wildlife area. Because of the minimal amount of disturbance caused by the operator, the post mine land use will remain the same.

Operations

Shortly after the permit approval on August 24, 2005 the operator moved a trackhoe into the site and opened four shallow test pits. The material that they were looking for was at a depth where it would not be economic so the pits were backfilled and seeded and the site abandoned.

Hole Plugging

N/A

Reclamation

Reclamation of the site amounted to the backfilling of the four small pits and seeding of the disturbance. Access to these pits was made by driving overland to the site. Impacts to the vegetation in these areas were minimal and the areas had already started to recover as noted during my September 14, 2006 inspection.

Mine Engineering

The reclamation of the site has removed any public safety concerns that the mining may have initiated. Reclaimed areas were completed to match surrounding area, no open slopes or highwalls were created.

Hydrology

The test pits were not located in drainages, therefore there will be no hydrological impacts.

Roads: No roads were built, access was made by traveling overland.

Revegetation

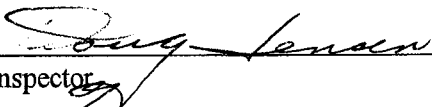
Postmining land use: Postmining land use remains the same as the pre-mine land use.

Topsoil. The disturbances were minimal and material used to reclaim the pits contained sufficient fines to support revegetation.

Revegetation: The area was reseeded at the time of the reclamation.

Recommendation

The operator is not interested in pursuing further mining in this area. I recommend that the entire \$17,000 bond be released


Inspector

10/23/06
Date